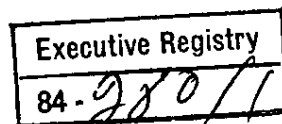


Central Intelligence Agency



Washington, D.C. 20505

2 February 1984

Mr. Robert K. Gray  
Chairman, Robert Gray and Company  
The Power House  
Washington, D.C. 20007

Dear Bob:

I very much appreciated receiving your timely and thoughtful letter concerning the pending decision on the Orion and International Satellite applications to the Federal Communications Commission. I understand your concern about the far reaching economic and policy implications of this decision. I want to assure you that we and other agencies in the Intelligence Community have followed this proposal since its inception. Senior officers have carefully examined its implications and have participated in its review.

Please do not hesitate to contact me if you have further concerns or information on this issue.

Sincerely,

William J. Casey  
Director of Central Intelligence

1 - DCF  
1 - DDCF  
1 - DDE  
1 - DDE Reg  
1 - EXDIR  
1 - ER



L-3007

20420

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM : Robert M. Gates  
Deputy Director for Intelligence

SUBJECT : Letter from Mr. Robert Gray, Chairman, Gray and  
Company, Concerning Authorization of Private  
Sector Competition for Intelsat

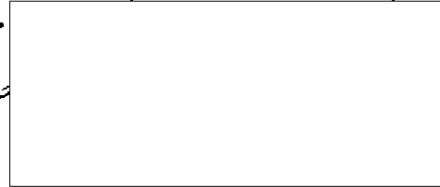
25X1 1. Action Requested: Your signature on a reply to a letter from Robert Gray concerning Intelligence Community participation in Senior Interagency Group (SIG) consideration of authorization of private sector competition for Intelsat.

25X1 2. Background: On January 12, 1984 Mr. Gray wrote a letter calling your attention to the deliberations of the SIG on International Communication and Information Policy concerning the Orion Satellite Corporation and International Satellite Incorporated applications to the Federal Communications Commission to establish privately owned international satellite systems serving the North Atlantic region. Mr. Gray serves as a public relations consultant to Intelsat, the primary existing satellite communications company. The principal concern stated in Mr. Gray's letter is that the SIG may make recommendations concerning the pending applications to the FCC without sufficient participation of the Intelligence Community.

25X1 3. The Intelligence Community and the Departments of State and Defense have been involved in the SIG consideration of this issue. Former NIO at Large Lincoln Gordon participated in the early meetings on this question to which Mr. Gray alluded in his letter. Hal Ford and OGI officers have discussed the impact of the Orion and International Satellite applications with all appropriate components of CIA and NSA and have been told that the SIG's recommendations would have no negative impact on the Intelligence Community.

25X1  
  
SECRET

4. On 18 January 1984, the SIG concluded that for foreign policy reasons the US remains firmly committed to Intelsat as a "single global commercial telecommunications satellite system as part of an improved global communications network" and that under certain specified conditions this commitment is compatible with the authorization of new international satellite systems. If the President approves the SIG's recommendation, the next step will be FCC action on ORION's application.



Robert M. Gates

25X1 OGI/EC/TW,  (20 JAN 84)

Distribution:

Original - addressee  
1 - DDCI  
1 - ExDir  
1 - ExReg  
1 - DDI  
1 - ADDI  
1 - NIO/AL-Ford  
1 - D/OGI  
1 - Ch/ECD  
1 - Ch/ECD/TW  
1 - DDI Registry

# EXECUTIVE SECRETARIAT

## ROUTING SLIP

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
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13	D/EEO				
14	D/Pers				
15	D/OLL				
16	C/PAO				
17	SA/IA				
18	AO/DCI				
19	C/DPD/OIS				
20	NIO/AL-Eord		X		
21					
22					

SUSPENSE 20 Jan  
Date

Remarks

Please prepare reply for DCI's signature.

3637

Executive Secretary

13 January 1984

Date

GRAY AND COMPANY

ROBERT KEITH GRAY  
WASHINGTON

Executive Registry

CI- 280

DDI-

0034784

January 12, 1984

The Honorable  
William J. Casey  
Director of Central Intelligence  
Washington, D.C. 20505

My dear Mr. Director:

It is with some urgency I would call to your attention the deliberations of the Senior Interagency Group (SIG) currently considering whether the United States government will permit the Intelsat global satellite communications system to be jeopardized. In representing Intelsat, we have come to recognize the vital role the system plays in our nation's intelligence-gathering interests.

I am concerned the Interagency Group may make a recommendation as early as January 18 based solely on the recommendations of the Department of Commerce and the USTR, with no input from those charged with protecting the nation's strategic interests. To date, the information put before the members of the group for review has not included input from the CIA, the Department of State or the Department of Defense.

If the United States unilaterally authorizes private satellite systems to compete with Intelsat, the other 107 member-nations of Intelsat are likely to believe our government has violated the Intelsat treaty. Article XIV of that treaty permits them to reach a finding of economic harm to the system by the United States. At the very least, this could trigger a disruption of global rates and likely would affect relations with other member-nations, especially those in the developing areas of the world.

In contrast with UNESCO and several other world organizations, Intelsat has been an American success story. The United States has led the fight for its development and growth and effectively has used Intelsat to reach out to the rest of the world, while isolating the Soviet Union. Importantly, an American, Richard Colino, has just been elected Secretary General. In short, not only has the United States fared well within Intelsat, the organization has been the paradigm of American involvement in international organizations.

1984 JAN 12 10 00 AM

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WASHINGTON DC 20505  
JAN 12 1984

The Honorable  
William J. Casey  
January 12, 1984  
Page Two

The authorization of competing private systems would open up a host of strategic opportunities to the Soviet Union and its Inter-Sputnik system. Weakening U.S. support for Intelsat will enable the Soviet to sell capacity on Inter-Sputnik and to use our arrogance in abrogating the treaty as leverage to move developing and third-world nations off Intelsat and to Inter-Sputnik. Presently the membership of Intelsat includes 108 nations, while Inter-Sputnik has only 13 Soviet-bloc members.

Of further concern to our government, Cuba would be in an enhanced position if we were to disrupt the Intelsat system. As you know, Cuba has petitioned the ITU for a satellite slot over the Caribbean to compete with Intelsat.

To protect the vital interests of our nation in the international arena and the proven communications link Intelsat is providing us with most of the globe, it would seem incredibly short-sighted to permit a senior level decision to be made on this matter without your views being presented to the task force. It will be of great service if your evaluation of Intelsat and this issue can be given to the SIG group as soon as possible.

There is a considerable risk the SIG will make its recommendation in the next few days based solely on the very limited perspective of the Department of Commerce and the U.S. Trade Representative's office.

Best,

A handwritten signature in dark ink, appearing to be 'WJ Casey', written in a cursive style.

# EXECUTIVE SECRETARIAT ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI	X			
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OLL				
16	C/PAO				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	NIO/AL-Ford		X		
21					
22					
		SUSPENSE	20 Jan		

Remarks

Please prepare reply for DCI's signature.

Executive Secretary

13 January 1984  
Date



5 February 1984

Approved For Release 2008/10/24 : CIA-RDP86M00886R002000060011-5

Disks.

I have problems saying more than what we've already said on this issue to Mr. Gray.

- 1) Gray & Co. make money representing INTELSAT as it currently exists. Presumably, his company will make less money if private satellites successfully compete with INTELSAT. Consequently, he is against a policy that would increase the competition.
- 2) To formally communicate to Mr. Gray what CIA's position is on this issue would be inappropriate.

Do we need to communicate something to Casey on this? Or do we drop the matter?



Director,

**O G I**

**Office of Global Issues**

STAT

Approved For Release 2008/10/24 : CIA-RDP86M00886R002000060011-5



GRAY AND COMPANY

ROBERT KEITH GRAY  
CHAIRMAN

Executive Registry

84- 280

January 12, 1984

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William J. Casey  
Director of Central Intelligence  
Washington, D.C. 20505

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NATIONAL PUBLIC RELATIONS PUBLIC AFFAIRS

THE POWER HOUSE  
WASHINGTON, D.C. 20007

202-333-7400

DOJ  
EXEO  
REG

L-30061

The Honorable  
William J. Casey  
January 12, 1984  
Page Two

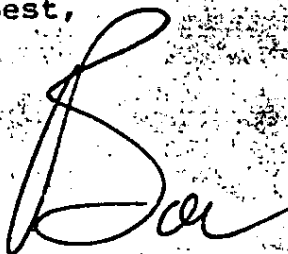
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